



## FISCAL MEMORANDUM

### HB 1511 - SB 1282

March 22, 2023

**SUMMARY OF BILL AS AMENDED (006014):** Requires the Commission on Aging and Disability (Commission) to establish a licensure program to regulate small residential homes that provide private living spaces for up to four elderly persons inside a community setting. Establishes requirements for the operation of residential homes and for whom they can and cannot provide care for. Requires a residential home to gain licensure prior to opening, and for the Commission to conduct at least one monitoring visit annually. Establishes that the license expires on the biennial anniversary of the date of its issuance. Authorizes the Commission to promulgate rules to effectuate the licensure, including the expansion or reduction of requirements for the licensure and the assessment of civil penalties for violations of the licensure.

### FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Revenue – \$2,000/FY23-24 and Subsequent Years**

**Increase State Expenditures – \$214,800/FY23-24  
\$204,800/FY24-25 and Subsequent Years**

**Other Fiscal Impact – The Health Facilities Commission may need additional resources including, but not limited to, eventually employing additional staff. The extent and timing of the needed resources will be dependent on the growth of the licensing program and cannot be reasonably quantified at this time.**

Assumptions for the bill as amended:

- The Health Facilities Commission (HFC) currently has a licensure for homes for the aged that provide care to four or more elderly persons, of which there are 43, and a licensure for adult care homes, of which there are four.
- However, adult care homes with under four beds are currently available for a licensure by HFC.
- Pursuant to the proposed legislation, the Commission may set the initial licensure and renewal fee.
- The number of small residential homes that provide private living spaces for up to four elderly persons and that will require licensing under the provisions of this legislation is unknown. However, based on the number of homes licensed by HFC, it is assumed that

the number of such homes will be relatively low. For the purposes of this analysis, it is assumed that at least 10 such homes will be licensed by the Commission.

- Pursuant to the proposed legislation, the Commission may set the initial licensure and renewal fee.
- HFC currently has the licensure fee of \$390 for homes for the aged that serve four to five individuals, and a licensure fee of \$1,404 for an adult care home.
- Assuming the Commission sets the licensure fee to be the same as HFC's fee, there will be an increase in state revenue of \$3,900 ( $\$390 \times 10$ ) every two years, or \$1,950 ( $\$3,900 / 2$  years) per year in FY23-24 and subsequent years.
- Pursuant to the proposed legislation, a person who is employed by a small residential home must pass a comprehensive criminal history background check. It is assumed the costs of the background check will be borne by either the employer or the individual; therefore, there will be no increase in state expenditures.
- Any costs associated with construction, building, and fire codes inspections will be borne of the small residential home seeking licensure.
- The Commission currently does not license any residential facilities; therefore, the Commission will be required to hire one Aging Program Director and one Licensing Consultant 2, which will result in an increase in state expenditures of \$187,255 [ $(\$85,704 \text{ director salary} + \$21,561 \text{ benefits}) + (\$47,304 \text{ consultant salary} + \$15,186 \text{ benefits})$ ] in FY23-24 and subsequent years.
- The new positions will require an additional recurring increase in state expenditures of \$17,500 for travel expenditures, and a one-time increase in state expenditures of \$10,000 for a computer and supplies.
- The total increase in state expenditures will be \$214,755 ( $\$187,255 + \$17,500 + \$10,000$ ) in FY23-24, and \$204,755 ( $\$187,255 + \$17,500$ ) in FY24-25 and subsequent years.
- The Commission may need additional resources including, but not limited to, eventually employing additional staff. The extent and timing of the needed resources will be dependent on the growth of the licensing program and cannot be reasonably quantified at this time.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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